CONSTRUCTION AND SITE ACQUISITION FOR A NEW HEADQUARTERS FOR THE U.S. DEPARTMENT OF TRANSPORTATION

(101-56)

HEARING

BEFORE THE

SUBCOMMITTEE ON
PUBLIC BUILDINGS AND GROUNDS

OF THE

COMMITTEE ON
PUBLIC WORKS AND TRANSPORTATION
HOUSE OF REPRESENTATIVES

ONE HUNDRED FIRST CONGRESS

SECOND SESSION

JUNE 26, 1990

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JUNE 22, 1990.

MEMORANDUM—SUMMARY OF SUBJECT MATTER

To: Members, Subcommittee on Public Buildings and Grounds
From: Subcommittee Staff
Re: Subcommittee Hearing, Tuesday, June 26, 1990

The Public Buildings and Grounds Subcommittee will meet on June 26, 1990, at 9:30 a.m. in Room 2253 Rayburn to hold a hearing on the construction and site acquisition for a new headquarters building for the Department of Transportation.

DEPARTMENT OF TRANSPORTATION HEADQUARTERS, WASHINGTON, DC

On May 17, 1990, the Subcommittee approved a resolution authorizing $70 million for the acquisition of site and air rights for a new headquarters facility for the Department of Transportation (DOT). Site acquisition funds in the amount of $50 million were included in the President's Fiscal Year 1991 budget amendment submitted in March, 1990. Since that approval, concerns have been raised with the Subcommittee on the possible condemnation of private land in order to construct the headquarters building.

Both DOT and GSA are in agreement that the preferred site for the new headquarters to consolidate the Department (including the U.S. Coast Guard and the Federal Aviation Administration) is at Union Station. The approximately 2.4 million occupiable square foot building would be constructed on the air rights over the tracks and the purchase of a tract of land along 2nd Street, N.E., would be required. In addition, a small amount of air rights owned by Amtrak would also be purchased. Total development costs are estimated at $692 million.

Second Street Limited Partnership

The land required for the project is owned by the Second Street Limited Partnership, a joint venture of CSX Realty, Quadrangle Development Corporation, and Metropolitan Structures. The Partnership has stated that it has invested substantial time and resources in preparing for its own development of an office building on this site and, in fact, is currently bidding on at least one government lease. The Partnership has indicated that it is not interesting in selling the property and that efforts to condemn the land would lead to a prolonged court battle. While GSA has estimated that the land is valued at $50 million, the Partnership has stated that the land is worth $100 million.

The Partnership claims to have identified various other alternative sites for the construction of the DOT headquarters. They believe that both the DOT building and the Partnership's building can be accommodated behind Union Station if the DOT building is

constructed entirely on air rights (possibly using air rights to the north of H Street) with the entrance to the building from a street to be constructed by the Second Street Partnership.

Other possible sites recommended by the Partnership include the purchase and renovation of the three current DOT facilities (note that the FAA building is government-owned), the Portals site at the foot of the 14th Street Bridge, the Southeast Federal Center, and Union Center Plaza, located two blocks north of Union Station.

In April, 1989, GSA and DOT issued a Solicitation for Expressions of Interest to determine potential market interest in developing a 2.2 million occupiable square foot headquarters facility for DOT. GSA received four proposals, although one was later withdrawn. In evaluating the proposals (Woodies Warehouse Block in northeast, Union Center Plaza in northeast, the Far East Center/Gallery Place/Hecht Company site in northwest, and the Portals at the 14th Street Bridge), GSA determined that each site was not large enough to accommodate DOT in one building, or had other disadvantages. In addition, an analysis by GA Partners concluded that the option of assembling land and air rights behind Union Station was more cost advantageous to the government than the alternative of acquiring another site.

National Capital Planning Commission

Members should be aware that the National Capital Planning Commission, which approves all Federal buildings in the District of Columbia, deferred without prejudice any inclusion of the DOT project at Union Station in the most recent 5-year "Federal Capital Improvements Program". The Commission has expressed concern about the project regarding building heights, size and complexity, traffic, and extra costs of decking over the tracks.

Witnesses will include officials from DOT, GSA, and the Second Street Limited Partnership.

CONSTRUCTION AND SITE ACQUISITION FOR A NEW HEADQUARTERS FOR THE U.S. DEPARTMENT OF TRANSPORTATION

TUESDAY, JUNE 26, 1990

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON PUBLIC BUILDINGS AND GROUNDS,
COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION,
Washington, DC.

The subcommittee met, pursuant to call, at 9:30 a.m., in Room 2253, Rayburn House Office Building, Hon. Douglas H. Bosco (chairman of the subcommittee) presiding.

Mr. Bosco. Good morning, everyone. The subcommittee will come to order.

We will begin with a hearing on the construction and location of new headquarters for the Department of Transportation.

Mr. Petri.

Mr. PETRI. Thank you, Mr. Chairman.

Mr. Chairman, the subcommittee is meeting today to first consider the proposed new headquarters facility for the Department of Transportation. In the last several weeks, concerns have been raised with the subcommittee regarding the proposed plan to acquire air rights and land at Union Station in order to consolidate the Department.

This morning we will have an opportunity to hear the concerns of the Second Street Limited Partnership, owners of the land which would need to be acquired, officials from the General Services Administration and the Department of Transportation will also present their opinions on the merits of this plan and to discuss other options which have been considered.

The subcommittee will then proceed to a markup of four bills pending before the subcommittee. I have particular concerns regarding H.R. 5071, the Federal Triangle Development Act Amendments of 1990. At the appropriate time, I intend to offer an amendment to the bill relating to the provisions revising current authorities and funding of the International Cultural and Trade Center Commission.

I ask unanimous consent that an opening statement from the Ranking Minority Member of the full committee, John Paul Hammerschmidt, be included in the record at this point.

Mr. Bosco. Without objection.

[The statement of Mr. Hammerschmidt follows:]

OPENING STATEMENT OF THE HONORABLE JOHN PAUL HAMMERSCHMIDT

Mr. Chairman, this morning the subcommittee will first receive testimony concerning the proposed new headquarters for the Department of Transportation.

Both the General Services Administration and Department of Transportation have indicated that the preferred location for the new headquarters is behind Union Station. Although the Government currently has control over some air rights over the tracks, this plan would require that the Government obtain additional air rights as well as a parcel of land along Second Street.

The purpose of this meeting today is to give the owner of that property, the Second Street limited partnership, an opportunity to present its views on the proposed plan. DOT and GSA will also be called on to further explain their determination that this is the best and only site available for the DOT headquarters.

This project, at close to 2.5 million square feet and at a cost of roughly $700 million, will be one of the largest construction projects we have considered. The subcommittee has an obligation to ensure that an informed decision is made regarding the project.

Mr. PETRI. Thank you, Mr. Chairman. I yield back to you.

Mr. Bosco. Mr. Chairman, would you like to speak?

Mr. ANDERSON. I am here to hear Mr. Seymour talk about the new headquarters. I wanted to hear him say it.

Mr. Bosco. We will allow you to speak up at anytime that you would like to.

Why don't we call the first panel: Jon Seymour, David Bibb, Robert Gladstone and Harold Jensen.

This general subject matter here is Department of Transportation building and difference of opinion as to where it should be and on whose property it should be.

I would like to get—not take too long. This is an extremely busy day. Let's each limit ourselves to five minutes or less.

Let's take the GSA and Department of Transportation people first and then we will take the other side.

TESTIMONY OF JON H. SEYMOUR, ASSISTANT SECRETARY FOR ADMINISTRATION, DEPARTMENT OF TRANSPORTATION; DAVID L. BIBB, ASSISTANT COMMISSIONER, OFFICE OF FACILITY PLANNING, PUBLIC BUILDINGS SERVICE, GENERAL SERVICES ADMINISTRATION; ROBERT GLADSTONE, PRESIDENT, QUADRANGLE DEVELOPMENT CORP.; AND HAROLD S. JENSEN, PARTNER, METROPOLITAN STRUCTURES

Mr. BIBB. Thank you, Mr. Chairman.

Good morning, Mr. Chairman, Chairman Anderson, and members of the subcommittee. I am David Bibb. I am here today to provide the committee with specific information about how GSA, in partnership with the Department of Transportation, is evaluating the site immediately behind Union Station as possibly the best location for the proposed new Department of Transportation headquarters building. In addition, I intend to address issues regarding the height of such a proposed building and the impact the facility likely would have on the nearby area.

First, let me provide you with important background information. Most of Department of Transportation's elements are currently located in three buildings in the southwest quadrant of Washington DC: the Nassif and Transpoint Buildings, which are leased, and Federal office building 10A, which is government owned. The Department of Transportation also occupies a small amount of space

in two other federally owned buildings, the Tariff Building at 701 E Street, N.W., and Building 197 at the Southeast Federal Center.

The three leases for the Nassif building expired in December 1989 and January 1990. Authority was granted by Congress to continue to lease space at the Nassif Building for an additional ten years. Award of the replacement lease is expected by August 1990.

The lease for the Transpoint Building expires in 1993, and the subcommittee has approved a replacement lease prospectus. GSA and the Department of Transportation have completed a prospectus development study. This study identifies total space requirements of 2,405,100 occupiable square feet for 12,000 employees.

In conformance with guidelines set by the National Capital Planning Commission, which has approval in lieu of zoning authority for Federal projects in the District of Columbia, a building of this size would require a minimum of 1,543 parking spaces in the new building. This conforms to NCPC's guidelines of one space per eight employees. This ratio is based on the proximity to Metro, major bus routes, Amtrak, and Marc Transit Services. The environmental impact statement for the project, will include an analysis of final parking requirements.

GSA and the Department of Transportation identified and studied a number of alternatives for a project of this size in the District of Columbia.

The first alternative combined government owned air rights behind Union Station with the privately held CSX site immediately adjacent to the station. Other alternatives were private development on privately held sites.

I would ask Cliff Thomas, our Project Director for the Department of Transportation project to just indicate a couple of locations on some maps we have, just for reference.

The first one has to do with the vicinity of Union Station, which is the top one, I think, the first one there. The Union Station site is located adjacent to Union Station. This alternative would assemble the air rights to three parcels behind Union Station and the fee simple title to an additional adjacent parcel. Two parcels, totally 5.78 acres, are owned by the U.S. Government. The Department of Transportation holds the air rights to these parcels. Another small parcel consisting of 1.99 acres is owned by Amtrak. The fourth parcel, which consists of 5.59 acres of fee simple land, is owned by a subsidiary of of the CSX Corporation.

In April 1989, GSA and the Department of Transportation issued an advertisement for expressions of interest to determine potential market interest in developing a 2.2 million occupiable square foot headquarters building for the Department of Transportation, which was the square footage need identified at that time. This solicitation specified that the building and land would at some point be in Federal ownership.

The following sites were identified by developers in response to the advertisement:

One, Woodward & Lothrop warehouse block. This site, located at First and M Streets, N.E., could accommodate approximately 1.8 million gross square feet as currently zoned or 1.97 million gross square feet, if re-zoned. The site was not large enough to accommodate the 2.2 million occupiable square feet of above-ground office

space needs for the Department of Transportation's headquarters. In addition, the site was encumbered with a lease commitment.

Two, Union Center Plaza. This site, located at North Capitol and K Streets, N.E. could accommodate approximately 1,935,000 occupiable square feet. It was 256,000 square feet short of the Department of Transportation's requirements. In addition, the developer's plan called for six separate office buildings. The Department of Transportation does not believe that the separate buildings could achieve the objective of a consolidated headquarters.

Three, Far East Center, Gallery Place, Hecht Company site. This site is located at 7th and G Streets, N.W. Although the developers originally believed they had sufficient space to accommodate the Department of Transportation requirement, final calculations indicated that the required space was not available. The developers subsequently withdrew their expression of interest.

Four, the Portals. This site, located at 12th and D Streets, S.W., was able to accommodate 2.3 million occupiable square feet, and, therefore, met the advertised requirement. However, extensive economic analyses indicated that due to land costs, development at the Portals site would be significantly more costly than development at Union Station.

The Administrator of General Services and the Secretary of Transportation agreed to pursue the use of the Union Station site because of its potential as possibly the most cost effective site for the Department of Transportation headquarters.

Comprehensive space planning and other studies were completed by GSA and the Department of Transportation in April 1990, which determined that 2,405,100 occupiable square feet of space would be necessary to accommodate the Department of Transportation's long-term needs in the proposed headquarters facility. This total space requirement exceeds the capacity of all the other sites GSA considered, including the Portals development.

The Union Station alternative would be designed to be compatible with Union Station, the City Post Office, and the Judiciary Office Building. The preliminary design concepts call for classical architecture in keeping with this significant historic setting.

From Columbus Circle, the building would not be visible above Union Station, but only to the east, between the station and the Judiciary Office Building. The roof and cornice lines of the Department of Transportation building would be consistent with those of the Judiciary Office Building.

In recognition of the residential scale east of Second Street, the Second Street facade of the building would be designed with setbacks. Additional design elements would be used to reduce the perception of the mass of the building and the length of the frontage along Second Street.

Major Federal projects in the District of Columbia are subject to review by the Commission on Fine Arts and the National Capital Planning Commission. Among the standards NCPC applies are those established in the Height of Buildings Act of 1910. The statute specifies that a building's height is measured at the major entrance. The major entrance of the proposed Department of Transportation headquarters is on the H Street overpass.

GSA understands that this project would have impacts on the surrounding area; and consequently, in coordination with the Department of Transportation, has contracted for a comprehensive environmental impact statement. NCPC is a participating agency in this effort. A completed EIS, including a record of decision, is scheduled for the spring of 1991.

This study will address major issues including transportation, historic, and socioeconomic impacts. A transportation management plan will be developed to mitigate the impact of the increased traffic in the Union Station area. Access to more numerous forms of public transit could help decrease employee dependence on automobiles.

In addition, the Department of Transportation already has a successful ride-sharing program. Nearly all of the Department of Transportation's current employee parking is used only by vanpools and carpools.

After the EIS is completed and the site is approved by the National Capital Planning Commission, the site acquisition process may be completed.

Thank you for giving GSA this opportunity to provide information on the Department of Transportation project.

Mr. BOSCO. Mr. Seymour.

Mr. SEYMOUR. Thank you very much. Good morning. Mr. Chairman, as Mr. Bibb stated, I am Jon Seymour, Assistant Secretary for Administration, Department of Transportation. I am happy to be here to testify in support of the project to consolidate the Department of Transportation in a new Federal office building.

With your permission, I would like to enter my statement for the record.

In the case of the Nassif Building, the lease expired in January 1, 1990, and we are now in a holdover status. GSA is currently pursuing a new ten-year lease which will allow the Department to remain in place until the new building is ready.

The Nassif building has been in the inventory for over 20 years. Improvements will be made as part of the lease renewal. However, extensive improvements would be required if the Department were to remain in Nassif for the long term.

These additional and more extensive improvements would require temporary relocation of large organization entities. This would be disruptive to the employees and will impact their productivity. Major repairs are also necessary for FB–10A, where FAA has experienced annual problems with the major mechanical and electrical systems.

With respect to the Transpoint building, the lease expires in May 1993. This lease, we are advised by GSA, will not be renewed for the long term although the owner may be willing to house the USCG until the new building is completed. Aside from these problems, additional space will be required to relieve the overcrowding of the current employees and contractors in FB–10A and Transpoint Buildings. To meet these needs, the Department would be forced into even more locations.

The proposed new building will greatly improve the Agency's operational efficiency and productivity, reduce administrative

costs, and provide a quality work environment for the Department of Transportation headquarters personnel.

A new building would be designed to meet the Department of Transportation's requirements as opposed to retrofitting our requirements in existing space. This will result in reducing Department of Transportation's office utilization rate from 147 occupiable square feet per work station to 125 occupiable square feet per person.

As Mr. Bibb indicated, we considered a number of alternatives and strategies for meeting the Department of Transportation's needs.

As a result, the Administrator of GSA, together with the Secretary of Transportation, agreed to pursue the use of the Union Station Air Rights site location. Subsequently, GSA wrote to CSX and Amtrak notifying them of the Government's interest in acquiring title to their holdings.

We are currently having discussions with GSA and OMB as to the acquisition site and the best building delivery process. Whether the traditional approach of conducting a design competition, with a contract for construction to follow, or some variation of this approach should be pursued, is still being explored.

We are sure of one thing, and that is, regardless of the approach, there should be design competition for any construction at this site.

As Mr. Bibb also indicated, both GSA and the Department are most sensitive to the concerns of the community regarding increased traffic and noise around Union Station and Capitol Hill. We have jointly initiated an environmental impact study.

The National Capital Planning Commission is a cooperating agency in the study. Hearings are scheduled for later this summer to learn about community concerns with the proposed relocation at the air-rights site. This will allow us to fully consider these concerns and the possibility of including mitigating action as part of project plans.

Concurrent with the EIS, a study will be undertaken to begin more detailed definition of the guidelines to be used in the design of the building. During the coming months, the representatives of the Fine Arts Commission, National Capital Planning commission, the District's Historic Preservation Review Board, the Architect of the Capitol and community associations will be given numerous opportunities to participate in this process.

Thank you for giving me this opportunity to testify in support of the Department of Transportation consolidation project. I will be happy to respond to any questions.

Mr. Bosco. Thank you.

We would be willing to stipulate any number of civic organizations will have their hand before this whole thing is finished.

Why don't we have Mr. Gladstone and Mr. Jensen come up.

Mr. Seymour, Mr. Bibb, maybe you could move to the sides and let the another gentlemen in.

Mr. Gladstone, we would like to welcome you this morning, and you can go ahead and make your statement at this time.

Mr. GLADSTONE. Thank you, Mr. Chairman, and members of the subcommittee.

My name is Robert Gladstone, President of Quadrangle Development Corporation, and with me is Harold Jensen, Partner, Metropolitan Structures. We appear here on behalf of the Second Street Limited Partnership, which includes Quadrangle Development, CSX Realty, and Metropolitan Structures.

We are very grateful for the opportunity to testify on the proposed GSA taking of our property as a part of the Government Office Building Program.

First, I would like to dispel any notion that you may have heard from other sources that we—that is, the Second Street Limited Partnership, is not serious in our intent to build a significant project at this site.

Station Place is a real project, and incidentally, that is the name by which we refer to the project, Station Place, with a long history—far longer than GSA's plan to seize our site and build a government office building on it.

Intensive work began on our project in mid-1987, three years ago, as a joint effort among the three participating organizations, which make up the Second Street Limited Partnership.

The GSA plan for the Department of Transportation headquarters and the proposal to take the Second Street property came to light first in a news release earlier this year, two-and-a-half years after we began our work on the project.

In that two-and-a-half years, the Station Place partners invested $2.5 million in three principal areas of activity, preparing a master development plan—and I have copies of that master development plan, which we prepared with the assistance of a team of professional planners, architects and engineers, and two, responding to a GSA solicitation for offers, for office facilities for the National Science Foundation.

We prepared that response and it is shown in these three books. This is our initial response as a direct cost of $300,000 to date, and that effort goes on, incidentally, and assembling a package for the District of Columbia Office of Planning, large tract review process, and that submission is detailed in this book, which I have here.

That process, the large tract review process, entails extensive meetings with neighborhood and community groups, as well as official agencies in the Capitol Hill area. That series of meetings, over a period of approximately one year, just passed, has involved literally dozens of meetings, including 18 official public hearings, working again with a variety of private and public groups in the Capitol Hill area.

The plan that evolved over this extensive, long-term process is portrayed in the graphics that we have used here. In fact, we temporarily rented our easels that we brought this morning to the Department of Transportation and GSA, but you see those materials on display.

I might refer to our Station Place project plan, which is shown there, and oriented in the same direction as the large aerial photograph, which is behind another exhibit.

I won't trouble you to go through that in detail, but I would like to call your attention to the model on your right, near the entrance door to the room, and you can see the difference, I think very clearly, between the concept of the project that we are planning, and it

is the unitized building solution which is designed to be friendly with relation to the neighborhood.

There are a variety of setbacks which scale down that project as it adjoins the historic Capitol Hill neighborhood, immediately to the east of the Second Street frontage on which that is located.

We have given out booklets which are in your hands, and those photographic materials are, again, portrayed in those booklets. In view of the time factor, I won't consume your time to go through those in detail, but you can refer to them, as you wish, at your leisure.

We will make anything available in further detail as you may wish, as we go forward.

I might say also, that the partners of Second Street Limited Partnership are experienced and committed developers with proven track records of building, completing and operating major projects here in Washington, as well as other cities in the United States.

My own company, just as an example, has developed the National Place project on Pennsylvania Avenue, containing the J.W. Marriott Hotel, the National Theater, as well as the Washington Center project across the street from the D.C. Convention Center.

The Second Street Partners have always planned to develop Station Place along the lines shown to you this morning, on the basis of a project which is small in scale in relation to the proposed Department of Transportation project.

We still want and hope to do so. We do not wish to sell or have Station Place condemned, and we hope the Department of Transportation facility needs, whatever they may end up being, although we have seen a number of sizes and scales over the years, will be addressed in other ways, including the possibility of not consolidating at the scale they now apparently have under consideration.

We don't dispute the needs that GSA has identified for the Department of Transportation or its desires for new facilities. We do suggest, however, that ample alternatives are available, at less cost to the taxpayers and less Federal budget impact.

In addition to the alternatives that were identified in the course of the preceding presentation, we would include possible new facilities north of H Street and I would like to show you what we have illustrated on the drawing we have to your left.

That is the area, not only south of H, between Union Station and H in the outline. Also, the expansion for the Department of Transportation facilities north of the H Street ramp showing a connection across H Street to that additional air rights section over the tracks on the north side.

That would allow for the co-existence of our two projects if that appeared to be the appropriate way to go. We tried to visualize what that might look like, and we do show an artist's conception, which is not dissimilar from at least some parts of what you have seen previously in the presentation by the Department of Transportation and GSA this morning.

That is in addition to some other sites that are owned, including the Southeast Federal Center where a part of the Department of Transportation is already located and which is slated for a major multi-million square foot development at M Street. Again, that is

the old Naval Weapons Plant, and I would add that to the list of site alternatives, which have been previously identified.

These site alternatives, I might underscore, would be adequate in size, under the assumption that there was not a complete consolidation of the Department of Transportation facilities, a possibility that was contemplated in the prospectus submitted to Congress at an earlier date by GSA in connection with the Department of Transportation headquarters facilities.

There are many options, we believe, and we believe those options will continue and it would appear unnecessary to take productive private property for Government use.

This is a part of the Federal impact at the Federal level, but the taking of our property would eliminate a potential revenue in real estate taxes of $6 million a year for the District of Columbia.

As a result of this, we would respectfully urge that the subcommittee reject the proposed taking of private property for this purpose.

Thank you very much, and I would like to turn the balance of our presentation to Mr. Jensen to my right.

Mr. JENSEN. Thank you, Bob.

Mr. Bosco. Thank you, Mr. Gladstone. I was going to suggest we do this like the French used to with the scales. Maybe you could put all your proposals on one side and the Department of Transportation on the other.

Go ahead, Mr. Jensen.

Mr. JENSEN. Thank you, Mr. Chairman.

I would like to focus on one element, and that is cost, because it seems economics is one of the issues at stake here, and pointing in the direction of our site.

Because of that, we undertook a detailed study of the alternatives of developing the GSA facility for the Department of Transportation, on the combined air rights site and our site, or exclusively on the air rights site.

Now, it is clear that air rights development involves certain premium costs, and we have had detailed studies made of that work and copies of that are available for committee staff, if you wish.

But essentially, the special cost, is the foundation system, platforming, working over the tracks.

Our studies of those special costs, were put together by a professional team of Keyes, Condon, architects here in Washington, KCE structural engineers, the Davis Construction Company, and the Dick Group, general contractors, who are experienced from building the parking garage behind Union Station.

The result of that analysis is that the special costs involved in the air rights would be about $34 per square foot building area.

Now, in contrast to that, the acquisition of fee land, our land, would be something in the neighborhood of $70 per square foot of building area, and that number is based on existing zoning. For our plan for development, we have an oral opinion provided by Reynolds and Reynolds, one of the two appraisal firms we have hired for this, and it will be converted to a formal report.

Now, if you look at those numbers in total, that is a cost of land, based on our development program, of $105 million.

The special cost for air rights development is $50 million, and we are only addressing the special costs, because the Government already owns the air rights. They don't have to acquire them.

Part of it is owned by the Department of Transportation.

The balance is owned by Amtrak, which is a sister entity, and any cost of that would be offset in Congress' annual subsidy to Amtrak.

So you are talking about an additional cost of some $54 million if our site is acquired, in contrast to developing the GSA facility for the Department of Transportation, exclusively on the air rights.

We think that is significant, and the reason we wanted to do this detailed work is the fact we have been intrigued by the progression of numbers provided by GSA over the past two years. In the March 1988 prospectus submitted to Congress, the project was described as 1,900,000 square feet, costing $740 million.

In a more recent update of March 1990, the size increased to 2.5 million square feet, but the cost dropped to $546 million.

We, as professional developers, would like to learn how you increase the size of a building by 600,000 feet and save $200 million.

Mr. Bosco. Maybe they could work with the developers of the Trade Center.

Mr. JENSEN. The bottom line is that we think there are much more economical solutions available to GSA than the taking of this land. And we hope that private development will be allowed to proceed. The District of Columbia will benefit, the National Planning Commission will be less concerned, and we wouldn't have our property seized.

Thank you.

Mr. GLADSTONE. Mr. Chairman, the material Mr. Jensen referred to is included in the last page of the book we gave to you today.

Likewise, we submitted formal testimony, but our verbal testimony highlights certain points.

Mr. Bosco. Okay. Thank you.

Mr. Bibb, with all of the interest GSA has in developing the Southeast Federal Center, was any consideration given to putting the Department of Transportation down there?

It seems like they would have enough room for it.

Mr. BIBB. We did take a look at that, Mr. Chairman.

As you know from previous discussions on the Southeast Federal Center, we have a development plan, which would cover some 44 acres.

Because of the approved plan densities and what would be desirable for that site there, what we would result in if the Department of Transportation went there, would be about a 96 percent usage of the available building area that can be developed over the next ten-year period or so.

The Department of Transportation would be scattered in 10 to 15 buildings using the Southeast Federal Center site across 44 acres, which we view as a less than desirable solution for a consolidation of their activities.

In many respects, by being spread over that land area, they would have a less desirable situation than they have now, which is basically location in three buildings.

Mr. Bosco. Well, given that the Government owns all that land and there are no other private competing uses for it, what would prevent you from re-doing your plan for it? You won't know who is going to be in those buildings anyway, and the EPA isn't going to be in one of them. Why can't you just build this—maybe adapt it to have a few docks in the back or whatever, so the Coast Guard can pull right up to their parent organization, and build that building there?

In other words, start from ground zero and re-design the site.

Mr. Bibb. That possibility exists. We have looked at it from this standpoint: there are—as you know, limited Government property—there is limited Government property available for development.

We are really talking about Southeast Federal Center, plus the Government ownership behind Union Station. We think the Department of Transportation is a natural fit for the Department of Transportation because of the title already vesting to a good deal of the property in the agency.

That leaves us with the other development opportunity being the Southeast Federal Center. We believe with some 34 million square feet of space, we do have a number of other potential candidates that would be a more natural fit, as I described.

By protecting some historic buildings and the extent of land there, we would be talking about a multiple building set-up. We prefer to target buildings that fit more natural with that kind of set up.

One building for GSA, as you know, we have that proposed. Other potential tenants, Corps of Engineers, FEMA, Patent and Trademark Office.

As you say, it is possible to do what you are talking about. We think the development fits more naturally to have a—take advantage of the Department of Transportation ownership behind Union Station for the Department of Transportation building.

Mr. Bosco. Given none of these plans have come to fruition yet, and there isn't any one that I know of that wants to go to the Southeast Federal Center, and, in fact, we have had some that have vehemently fought it, is it correct to say that given the impetus, you could design some new use for the Union Station with all the other Federal agencies that need space, and probably come close to fulfilling all of our needs for the Southeast Federal Center.

In other words, from a planning standpoint, it seems if these people already have—are ready to go on improving the area behind Union Station, and we don't have the slightest idea what we are going to do with land that we already own out at the Federal Center, with the Metro going in there and everything else, why don't we just completely develop the Federal Center with tenants that we would have right in hand?

Mr. Bibb. I think our main objection to that would be simply the dispersion of the Department of Transportation across the site. I think there are existing buildings that would have to be re-used at the Southeast Federal Center.

I think you would be breaking up the Department of Transportation across a sizable piece of property, 40-something acres, which in

our mind does not give them the type of consolidation they are looking for.

Mr. Bosco. Mr. Seymour.

Mr. SEYMOUR. We believe we are in a situation now which needs to be addressed in terms of the Nassif Building and the need on the Transpoint Building, which is not the most desirable space in town.

The site behind Union Station gives us a real good fix to the problem, the space problem, and it gives it to us in the reasonably foreseeable future. It seems to make sense to take advantage of that now.

You say the site we have now, use the approach we have now, rather than delay for a number of years for the Southeast Federal Center. Do what Mr. Bibb says and take advantage of that property for some of the other needs GSA is going to have.

Mr. BOSCO. How long has it taken you to come up with all these drawings and plans for the Union Station? When did you start on that?

Mr. SEYMOUR. We got started on this process shortly after Secretary Skinner took office. In fact, when we presented to him the space situation we had, the expiring lease on the Nassif Building, his initial inclination was to find a way to consolidate space for the Department of Transportation.

In terms of managing that work force, his view was it made sense to consolidate. As we went out and worked with GSA, considered the site behind Union Station, as the Secretary developed more experience with the Department, he became more convinced that it made sense.

Mr. BOSCO. Aside from who became convinced of what, how long did it take you to draw the plans once you decided where you wanted to go?

Mr. SEYMOUR. Plans haven't been drawn, but it has all occurred in the last year.

Mr. BOSCO. It does not seem to me, if you were to start over, it would take ten years. I know people are oftentimes more reluctant to be inspired when they don't want to be in a certain location, but it does not seem to me that it would take that much longer.

Basically, what everybody has right now is a bunch of artist drawings, and I mean—I could ask you to come back in three months with an artist drawing of the Southeast Federal Center, and I presume you could have one.

I don't see where it would delay things. I would say—and I am going to stop now, but that given the cost of acquiring this land, and the fact that it is private land, and we have to give some consideration to that, that maybe we should have been a little more extensive in looking at property that the Government owns.

Mr. Petri, or Mr. Chairman.

Mr. PETRI. Will the Second Street Partnership pay real estate taxes to the District of Columbia on its development?

Mr. GLADSTONE. Absolutely. We have projected that at the completion of the project, that would raise $6 million a year in additional real estate taxes.

Mr. PETRI. Will GSA be paying real estate taxes if it takes the property in lieu of—will it make payments in lieu of taxes, or

something to the District, or will there be a net loss to the District taxpayers?

Mr. BIBB. GSA does not, per se, make in lieu of payments. This project, or funds for this project, are included in the President's budget amended for direct appropriation to the Federal Building Fund.

It would be direct Federal ownership. On a larger scale, the Federal Government, through a complicated formula, does make payments to the District to run the District Government.

In the larger term, they do receive operating expenses from the Federal Government.

Mr. PETRI. Would you care to comment on the sort of Agriculture Department-like approach of having an overpass over—I guess H Street, in this case. H Street.

Mr. BIBB. I would. We have looked at that. We view it as certainly a less than desirable solution for the consolidation of the Department.

We have looked at some of the same items Mr. Jensen mentioned, the additional cost for the platform, additional ingress and egress and cost for connection between the two buildings.

In all likelihood we would end up with about so much space north of H Street as south of H Street. Our estimate—I suppose you can take your pick between the two estimates—our bottom line is an increase of about 100 million over the estimated project cost by going north of H Street.

Mr. BOSCO. Would you yield?

If you are estimating $50 million for the acquisition of this private property, and they are already saying it is worth 100 million, and I don't—I haven't done any research on what it is worth, it seems to me that you are not talking about that big of a difference.

Mr. BIBB. Well, I can't—I will not share at this point the exact estimate on the value of their land.

Our calculations do include the increased construction costs for, in effect, in constructing the entire building up in the air, on platforms, plus the price of the air rights to Amtrak.

We have figured that in as the payment to Amtrak as a quasi-government operation, less the value of what we see the value of the property results in a net increase of 100 million. We can share the back-up information on that with you.

Mr. SEYMOUR. Mr. Chairman, as I understand it, there are a couple real concerns: one, the tracks are diverse, they begin to funnel down. So the construction on the north side of H Street is more difficult. It is more difficult to locate the platform. It is more difficult to deal with the trains.

There is a real problem with entry and egress to that property, and esthetically, because of where that particular place is sited, it is a lot less desirable. We don't view the property north of H Street as a particularly attractive alternative.

Mr. GLADSTONE. Mr. Chairman, we have heard this morning how this is a natural fit at Union Station, in contrast to Federal Center. Listening to the discussion a few moments ago, it is hard to see how this natural fit comes about. In order to make it fit, they are confronted with the need under the consolidation scheme, either going north of H, which means continued air rights development,

and that can be looked at in its own terms, or to seize private property.

It is hard to see, based on the discussion we have heard, how this is, in fact, a natural fit, again, in contrast to the Southeast Federal Center. I might also say we have gone well beyond the stage of architectural renderings only. We are out, as we speak, to get bids for foundations on the buildings, on the corner of F and Second Street.

We have continued to be serious and are moving ahead with our plans to develop the site.

Mr. PETRI. If I could.

Mr. Cox couldn't stay, but he was—expressed a great concern to me, and I think would have wanted me to ask a question about seizure or condemnation of private property in these sorts of circumstances.

Could one of you gentlemen from GSA address that?

Does this regard a necessary taking? Do you have the authority for office buildings and—you know, for government use, seize private property?

Mr. BIBB. I would like to ask Bob MacKichan, our general counsel, to join us here and let him address that.

Mr. PETRI. Are we buying into a law suit?

Mr. MACKICHAN. The General Services Administration has inherent authority in the interest of fulfilling his obligations under the Property Act to do so. Of course, a preference is to negotiate an acquisition. Short of that, a condemnation would be necessary.

Mr. PETRI. I mean, is the law clear that you do have the authority under these sorts of circumstances to condemn private property, and the only issue is adequacy of condemnation? Is it like a railroad taking? Is this in the same order of having to establish a right of way, or is this more of a discretionary type of situation?

Mr. MACKICHAN. So long as the administrator can demonstrate this, this is pursuant to fulfilling his obligations under the Act, yes, we believe so.

Mr. PETRI. Do you have any comment on that?

Mr. JENSEN. I guess the questionable implication is this is the only site in which he can fulfill his obligations.

Mr. BOSCO. Mr. Chairman.

The CHAIRMAN. I think maybe I will ask Mr. Bibb some questions.

Mr. Bibb, why isn't it feasible to build two to three buildings for the Department of Transportation all across from each other?

Mr. BIBB. At the Union Station, anywhere?

The CHAIRMAN. I am thinking of a way to connect them to or across from each other, and if you have them scattered, you can't——

Mr. BIBB. We certainly believe they are economics of scale to economy of scale to a consolidated location. Open rational advantages to the Department. That is not to say we couldn't have two buildings separated.

We believe in the case of Union Station, the cost would increase by going north of H Street.

It is a potential possibility. We don't think it provides the optimal operating environment for the Department of Transportation.

In fact, it would almost duplicate what they have now, which is less than satisfactory.

Mr. Seymour may want to add to that.

Mr. SEYMOUR. Campus location where the buildings are very closely located is an option we considered.

One building was preferable, but it does not mean a campus location is absolutely out of the question, sir. In looking at the alternatives we have had, the site behind Union Station, afforded the government, the best we thought in GSA, and our department, in our analysis, thought it gave us an opportunity to purchase the land, own a building, and to achieve substantial savings over the alternatives that were available when we looked at the other places, which was a lease, and that is how we happened to arrive where we are.

The CHAIRMAN. Do you believe the CSX Quadrangle Partnership seriously intends to develop their property, or are they trying to increase your cost in buying the property?

Mr. BIBB. They have certainly presented a lot of evidence of their intent to proceed with the project. We would not take issue with that. That increases the price along the way, and we wind up selecting their site, and that final decision has not been made, but if that is the route we go, that could certainly—I wouldn't speculate as to their motives, but there is no reason to assume they are not serious about developing their property.

The CHAIRMAN. In fiscal year 1991, do you plan on buying the land or buying an option to purchase the land from CSX?

Mr. BIBB. We would plan to purchase the land.

The CHAIRMAN. Is it possible to buy a purchase option if you need to condemn the land because of the opposition of CSX to selling the property.

Mr. BIBB. It is possible to buy a purchase option, if that can be negotiated. I am not sure of the advantage of doing that in this case. I am not quite sure how a purchase option would fit with an unwilling seller.

I don't think we would be able to get one of those. I am not quite sure how the two fit together.

The CHAIRMAN. Have you heard from the National Capital Planning Commission or the Fine Arts Commission, regarding your proposal to build a Department of Transportation building behind Union Station?

I am on one of those commissions. Things happen around here, you know.

Mr. BIBB. There are certainly concerns about the mass of the project and the height of the project. We are and will continue to be very sensitive to those as we go through the process. And the Fine Arts, as well as the environmental impact study.

We have got to wind up with a project that is acceptable to all of these groups or we wouldn't have a project.

We think we can do that. We think we have a good site and good concept.

The CHAIRMAN. Thank you, Mr. Chairman.

Mr. BOSCO. Thank you, Mr. Chairman.

Mr. Geren.

Mr. GEREN. I have a couple quick questions.

This one to GSA. Looking at the possibility of a campus concept or break up these different parts of the Department of Transportation in one or more buildings. Are the needs of the Coast Guard, the various departments under the Department of Transportation, such that it is very important that they be in one building?

It would seem to me the operations of these different agencies are so separate and distinct that it is just not critical that they be in the same building, or be on the same floor, or whatever.

Mr. SEYMOUR. We think it is critical. The Secretary thinks it is very critical they be together.

One of the major thrusts of the national transportation plan was to find better ways to integrate across organization on functional lines.

We have had a number of sessions in the last couple of weeks with senior managers about ways to improve the Department's mission, the delivery of its services and consistently these senior managers walk away saying we need to communicate more.

We have had listening sessions with the employees. I chaired two and sat in another one myself.

The employees are talking about the need to learn from each other, to share information, to strategize better, plan better. The importance of being together. You get auditoriums and child care centers in terms of running the Department, delivering its basic mission, we think it is very, very important.

Mr. GEREN. Is there any testimony or statement from the Secretary that discusses the interaction that is necessary between all the different areas he supervises? I think that would be helpful.

Mr. SEYMOUR. Happy to provide something.

In addition to the national transportation plan, there has been testimony from the deputy secretary during the appropriations bill. We would be happy to get that, as well.

Mr. GEREN. I appreciate that. I think that would be helpful to understand the need for this consolidation.

Excuse me, Mr. Gladstone.

Mr. GLADSTONE. I was going to comment that in the process Mr. Bibb described a few moments ago I think you will find that there is a great sentiment for providing improved circulation and access to the site, which would involve the construction of what we have described as Station Place Drive, which would be between the air rights area of the site and our Station Place project location.

And that would be similar, in the event of a Department of Transportation headquarters project, to what would occur in the separation of H Street between the north and south branches of that building. So the idea of a unified single mega-structure on this site, I think, at this point has to be called into question, subject to further examination.

Mr. JENSEN. And that is based on any number of hearings that have been held in the neighborhood where there is great sensitivity to the traffic on Second Street. That speaks to the need for the internal street to take the traffic off Second Street, which would be prohibited if there were a mega-structure that obliterated that street.

Mr. GLADSTONE. Not only with the neighborhood, but also the Commission of Fine Arts—we have appeared before them on a

number of occasions and modified our design. And I think it is quite different than the kind of plan we have seen here this morning for the proposed Department of Transportation building.

Mr. GEREN. Thank you. I believe before we agree to taking a private property, it would be important to understand how compelling the need is.

Let me ask a question of Mr. Jensen and Mr. Gladstone. This is for my own education. I live a 2.5 hour airplane ride away. We are selling office space for about $70 a foot here. Texas is something of a distressed market. When I see numbers like this, 240 to $300, depending upon whether or not we take advantage of the economies of scale moving from 1.8 million to 2.5 million, it is something that has been hard for me to get used to.

What are your estimated construction cost for this Station Place development, per square foot, not counting land acquisition, just construction?

Mr. JENSEN. Our last would be about $175 to $200, without land. Prices include all costs. That is not just construction, that is architecture, engineering. That is interest during construction. That is full boat to the point where the property is breaking even.

Mr. GLADSTONE. The hard construction cost alone would be about half of that figure.

Mr. GEREN. How would it compare to the numbers we are seeing in this testimony, roughly 600 million, or—$600 million for two million square feet. Roughly, $300. What costs are included in what you are describing that are also——

Mr. JENSEN. I don't know when the GSA puts together their costs whether or not they would include interest during the construction period.

Mr. BIBB. Our hard costs in today's dollars per gross square foot are $171 per square foot.

Mr. GEREN. That does not include architectural engineering?

Mr. BIBB. That is right.

Mr. GEREN. Thank you very much.

Mr. BOSCO. Thank you all. I think due to the time constraints and the other business we have before us, unless anyone else—we will take this under advisement and see what we can do about settling this matter.

[Whereupon, at 10:30 a.m. the subcommittee proceeded to other business.]

PREPARED STATEMENTS OF WITNESSES

MR. DAVID BIBB

ASSISTANT COMMISSIONER

OFFICE OF FACILITY PLANNING

GENERAL SERVICES ADMINISTRATION

BEFORE THE

SUBCOMMITTEE ON PUBLIC BUILDINGS AND GROUNDS

HOUSE COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

TUESDAY, JUNE 26, 1990

GOOD MORNING, MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE. I AM DAVID BIBB, ASSISTANT COMMISSIONER FOR FACILITY PLANNING, GENERAL SERVICES ADMINISTRATION (GSA). I AM HERE TODAY TO PROVIDE THE COMMITTEE WITH SPECIFIC INFORMATION ABOUT HOW GSA, IN PARTNERSHIP WITH THE DEPARTMENT OF TRANSPORTATION (DOT), IS EVALUATING THE SITE IMMEDIATELY BEHIND UNION STATION AS POSSIBLY THE BEST LOCATION FOR THE PROPOSED NEW DOT HEADQUARTERS BUILDING. IN ADDITION, I INTEND TO ADDRESS ISSUES REGARDING THE HEIGHT OF SUCH A PROPOSED BUILDING AND THE IMPACT THE FACILITY LIKELY WOULD HAVE ON THE NEARBY AREA.

FIRST LET ME PROVIDE YOU WITH IMPORTANT BACKGROUND INFORMATION. MOST OF DOT'S ELEMENTS ARE CURRENTLY LOCATED IN THREE BUILDINGS IN THE SOUTHWEST QUADRANT OF WASHINGTON, DC: THE NASSIF AND TRANSPOINT BUILDINGS, WHICH ARE LEASED, AND FEDERAL OFFICE BUILDING 10A (FOB-10A), WHICH IS GOVERNMENT OWNED. DOT ALSO OCCUPIES A SMALL AMOUNT OF SPACE IN TWO OTHER FEDERALLY OWNED BUILDINGS, THE TARIFF BUILDING AT 701 E STREET, NW, AND BUILDING 197 AT THE SOUTHEAST FEDERAL CENTER.

THE THREE LEASES FOR THE NASSIF BUILDING EXPIRED IN DECEMBER 1989 AND JANUARY 1990. AUTHORITY WAS GRANTED BY CONGRESS TO CONTINUE TO LEASE SPACE AT THE NASSIF BUILDING FOR AN ADDITIONAL TEN YEARS. AWARD OF THE REPLAC ENT LEASE IS EXPECTED BY AUGUST 1990. THE LEASE FOR THE TRANSPOINT BUILDING EXPIRES IN 1993, AND THE SUBCOMMITTEE HAS APPROVED A REPLACEMENT LEASE PROSPECTUS.

GSA AND DOT HAVE COMPLETED A PROSPECTUS DEVELOPMENT STUDY. THIS STUDY IDENTIFIES TOTAL SPACE REQUIREMENTS OF 2,405,100 OCCUPIABLE SQUARE FEET FOR 12,000 EMPLOYEES.

IN CONFORMANCE WITH GUIDELINES SET BY THE NATIONAL CAPITAL PLANNING COMMISSION (NCPC), WHICH HAS APPROVAL IN LIEU OF ZONING AUTHORITY FOR FEDERAL PROJECTS IN THE DISTRICT OF COLUMBIA. A BUILDING OF THIS SIZE WOULD REQUIRE A MINIMUM OF 1,543 PARKING SPACES IN THE NEW BUILDING. THIS CONFORMS TO NCPC'S GUIDELINES OF 1 SPACE PER 8 EMPLOYEES. THIS RATIO IS BASED ON THE PROXIMITY TO METRO, MAJOR BUS ROUTES, AMTRAK, AND MARC TRANSIT SERVICES. THE ENVIRONMENTAL IMPACT STATEMENT WILL INCLUDE AN ANALYSIS OF FINAL PARKING REQUIREMENTS.

GSA AND DOT IDENTIFIED AND STUDIED A NUMBER OF ALTERNATIVES FOR A PROJECT OF THIS SIZE IN THE DISTRICT OF COLUMBIA.

THE FIRST ALTERNATIVE COMBINED GOVERNMENT OWNED AIR RIGHTS BEHIND UNION STATION WITH THE PRIVATELY HELD CSX SITE IMMEDIATELY ADJACENT TO THE STATION. OTHER ALTERNATIVES WERE PRIVATE DEVELOPMENT ON PRIVATELY HELD SITES.

THE UNION STATION SITE IS LOCATED ADJACENT TO UNION STATION. THIS ALTERNATIVE WOULD ASSEMBLE THE AIR RIGHTS TO THREE PARCELS BEHIND UNION STATION AND THE FEE SIMPLE TITLE TO AN ADDITIONAL ADJACENT PARCEL. TWO PARCELS, TOTALING 5.78 ACRES, ARE OWNED BY THE UNION STATION REDEVELOPMENT CORPORATION (USCR). DOT HOLDS

THE AIR RIGHTS TO THESE PARCELS. ANOTHER SMALL PARCEL CONSISTING OF 1.99 ACRES IS OWNED BY AMTRAK. THE FOURTH PARCEL, WHICH CONSISTS OF 5.59 ACRES OF FEE SIMPLE LAND, IS OWNED BY A SUBSIDIARY OF THE CSX CORPORATION.

IN APRIL 1989, GSA AND DOT ISSUED AN ADVERTISEMENT FOR EXPRESSIONS OF INTEREST TO DETERMINE POTENTIAL MARKET INTEREST IN DEVELOPING A 2.2 MILLION OCCUPIABLE SQUARE FOOT HEADQUARTERS BUILDING FOR DOT. THIS SOLICITATION SPECIFIED THAT THE BUILDING AND LAND WOULD AT SOME POINT BE IN FEDERAL OWNERSHIP.

DOT'S SITE REQUIREMENTS WERE IDENTIFIED IN THE ADVERTISEMENT:

1. 2.2 MILLION OCCUPIABLE SQUARE FEET
2. 1,500 PARKING SPACES
3. DELINEATED AREA WITHIN THE DISTRICT OF COLUMBIA
4. SINGLE LOCATION
5. 2,500 WALKABLE LINEAR FEET FROM AN OPERATIONAL METRORAIL STATION (APPROXIMATELY 5 BLOCKS).

THE FOLLOWING SITES WERE IDENTIFIED BY DEVELOPERS IN RESPONSE TO THE ADVERTISEMENT:

1. <u>WOODWARD & LOTHROP WAREHOUSE BLOCK</u> -

THIS SITE, LOCATED AT FIRST AND M STREETS, NE, COULD ACCOMMODATE APPROXIMATELY 1.8 MILLION GROSS SQUARE FEET AS CURRENTLY ZONED OR 1.97 MILLION GROSS SQUARE FEET, IF REZONED. THIS SITE WAS NOT LARGE ENOUGH TO ACCOMMODATE THE 2.2 MILLION

OCCUPIABLE SQUARE FEET OF ABOVE-GROUND OFFICE SPACE NEEDS FOR DOT'S HEADQUARTERS. IN ADDITION, THE SITE WAS ENCUMBERED WITH A LEASE COMMITMENT.

2. UNION CENTER PLAZA -

THIS SITE, LOCATED AT NORTH CAPITOL AND K STREETS, NE, COULD ACCOMMODATE APPROXIMATELY 1,935,000 OCCUPIABLE SQUARE FEET. IT WAS 256,000 SQUARE FEET SHORT OF DOT'S REQUIREMENTS. IN ADDITION, THE DEVELOPER'S PLAN CALLED FOR SIX SEPARATE OFFICE BUILDINGS. DOT DOES NOT BELIEVE THAT THE SEPARATE BUILDINGS COULD ACHIEVE THE OBJECTIVE OF A CONSOLIDATED HEADQUARTERS.

3. FAR EAST CENTER/GALLERY PLACE/HECHT COMPANY SITE -

THIS SITE IS LOCATED AT 7TH AND G STREETS, NW. ALTHOUGH THE DEVELOPERS ORIGINALLY BELIEVED THEY HAD SUFFICIENT SPACE TO ACCOMMODATE THE DOT REQUIREMENT, FINAL CALCULATIONS INDICATED THAT THE REQUIRED SPACE WAS NOT AVAILABLE. THE DEVELOPERS SUBSEQUENTLY WITHDREW THEIR EXPRESSION OF INTEREST.

4. THE PORTALS -

THIS SITE, LOCATED AT 12TH AND D STREETS, SW, WAS ABLE TO ACCOMMODATE 2.3 MILLION OCCUPIABLE SQUARE FEET, AND THEREFORE MET THE ADVERTISED REQUIREMENT. HOWEVER, EXTENSIVE ECONOMIC ANALYSES INDICATED THAT DUE TO LAND COSTS, DEVELOPMENT AT THE PORTALS SITE WOULD BE SIGNIFICANTLY MORE COSTLY THAN DEVELOPMENT AT UNION STATION.

THE ADMINISTRATOR OF GENERAL SERVICES AND THE SECRETARY OF TRANSPORTATION AGREED TO PURSUE THE USE OF THE UNION STATION SITE BECAUSE OF ITS POTENTIAL AS POSSIBLY THE MOST COST EFFECTIVE SITE FOR DOT HEADQUARTERS.

COMPREHENSIVE SPACE PLANNING AND OTHER STUDIES WERE COMPLETED BY GSA AND DOT IN APRIL 1990, WHICH DETERMINED THAT 2,401,100 OCCUPIABLE SQUARE FEET OF SPACE WOULD BE NECESSARY TO ACCOMMODATE DOT'S LONG-TERM NEEDS IN THE PROPOSED HEADQUARTERS FACILITY. THIS TOTAL SPACE REQUIREMENT EXCEEDS THE CAPACITY OF ALL THE OTHER SITES GSA CONSIDERED, INCLUDING THE PORTAL DEVELOPMENT.

THE UNION STATION ALTERNATIVE WOULD BE DESIGNED TO BE COMPATIBLE WITH UNION STATION, THE CITY POST OFFICE, AND THE PROPOSED JUDICIARY OFFICE BUILDING. THE PRELIMINARY DESIGN CONCEPTS CALL FOR CLASSICAL ARCHITECTURE IN KEEPING WITH THIS SIGNIFICANT HISTORIC SETTING. FROM COLUMBUS CIRCLE, THE BUILDING WOULD NOT BE VISIBLE ABOVE UNION STATION, BUT ONLY TO THE EAST, BETWEEN THE STATION AND THE PROPOSED JUDICIARY OFFICE BUILDING. THE ROOF AND CORNICE LINES OF THE DOT BUILDING WOULD BE CONSISTENT WITH THOSE OF THE JUDICIARY OFFICE BUILDING.

IN RECOGNITION OF THE RESIDENTIAL SCALE EAST OF SECOND STREET, THE SECOND STREET FACADE OF THE BUILDING WOULD BE DESIGNED WITH SETBACKS. ADDITIONAL DESIGN ELEMENTS WOULD BE USED TO REDUCE THE PERCEPTION OF THE MASS OF THE BUILDING AND THE LENGTH OF THE FRONTAGE ALONG SECOND STREET.

MAJOR FEDERAL PROJECTS IN THE DISTRICT OF COLUMBIA ARE SUBJECT TO REVIEW BY THE COMMISSION OF FINE ARTS AND NATIONAL CAPITAL PLANNING COMMISSION. AMONG THE STANDARDS NCPC APPLIES ARE THOSE ESTABLISHED IN THE HEIGHT OF BUILDINGS ACT OF 1910. THE STATUTE SPECIFIES THAT A BUILDING'S HEIGHT IS MEASURED AT THE MAJOR ENTRANCE. THE MAJOR ENTRANCE OF THE PROPOSED DOT HEADQUARTERS IS ON THE H STREET OVERPASS.

GSA UNDERSTANDS THAT THIS PROJECT WOULD HAVE IMPACTS ON THE SURROUNDING AREA; AND CONSEQUENTLY, IN COORDINATION WITH DOT, HAS CONTRACTED FOR A COMPREHENSIVE ENVIRONMENTAL IMPACT STATEMENT (EIS). NCPC IS A PARTICIPATING AGENCY IN THIS EFFORT. A COMPLETED EIS, INCLUDING A RECORD OF DECISION, IS SCHEDULED FOR THE SPRING OF 1991.

THE STUDY WILL ADDRESS MAJOR ISSUES INCLUDING TRANSPORTATION, HISTORIC, AND SOCIOECONOMIC IMPACTS. A TRANSPORTATION MANAGEMENT PLAN WILL BE DEVELOPED TO MITIGATE THE IMPACT OF THE INCREASED TRAFFIC IN THE UNION STATION AREA. ACCESS TO MORE NUMEROUS FORMS OF PUBLIC TRANSIT SHOULD HELP DECREASE EMPLOYEE DEPENDENCE ON AUTOMOBILES. IN ADDITION, DOT ALREADY HAS A SUCCESSFUL RIDESHARING PROGRAM. NEARLY ALL OF DOT'S CURRENT EMPLOYEE PARKING IS USED ONLY BY VANPOOLS AND CARPOOLS.

AFTER THE EIS IS COMPLETED AND THE SITE IS APPROVED BY THE NATIONAL CAPITAL PLANNING COMMISSION (NCPC), THE SITE ACQUISITION PROCESS MAY BE COMPLETED.

THANK YOU FOR GIVING GSA THIS OPPORTUNITY TO PROVIDE INFORMATION ON THE DOT PROJECT.

STATEMENT OF
ROBERT GLADSTONE, PRESIDENT
QUADRANGLE DEVELOPMENT CORPORATION
AND
HAROLD S. JENSEN, PARTNER
METROPOLITAN STRUCTURES
ON BEHALF OF THE
SECOND STREET LIMITED PARTNERSHIP
BEFORE THE
SUBCOMMITTEE ON PUBLIC BUILDINGS AND GROUNDS
OF THE
U.S. HOUSE COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION
REGARDING GSA'S PROPOSED SEIZING OF PRIVATE PROPERTY
FOR A NEW BUILDING FOR THE DEPARTMENT OF TRANSPORTATION
JUNE 26, 1990

Mr. Chairman, Members of this Subcommittee, we appreciate this opportunity to testify before you regarding the General Services Administration's proposed seizing of private property for a new building for the Department of Transportation. The private property in question is the property of the Second Street Limited Partnership, which is a joint venture of Quadrangle Development Corporation, CSX Realty, and Metropolitan Structures.

The Second Street Limited Partnership does not wish to sell this property and respectfully urges this Subcommittee and Congress to reject GSA's unnecessary and inappropriate proposed seizing of this property. With 30 million square feet of vacant commercial space in the D.C. metropolitan area, certainly an attractive and cost effective alternative can be acquired or built by GSA without resorting to this unwarranted seizing.

BACKGROUND

The Office of Management and Budget ("OMB") and the General Services Administration ("GSA") have requested that Congress approve funding for the construction of 21 federal public building projects. As a part of this overall request, OMB and GSA seek funding to construct a new building for the Department of Transportation ("DOT") in Washington, D.C. They have estimated that this new building would be about two million square feet, would cost taxpayers some $624,321,000, and would be one of the three largest U.S. government buildings in the Washington area.

GSA PLANS TO SEIZE PRIVATE PROPERTY

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Congress may wish to consider the wisdom of leasing versus construction, especially in light of the commercial office space market conditions found in D.C. today. With 30 million square feet of vacant commercial space in the D.C. metropolitan area, the U.S. Government is in an excellent position to negotiate for long-term leasing or lease-to-ownership arrangements at substantial savings.

These savings would result in overall leasing costs that are quite comparable to ownership costs, while still preserving the flexibility that leasing allows. Further, if the U.S. Government is intent on owning the DOT building, there are magnificent existing buildings available for purchase at tremendous savings in light of current market conditions.

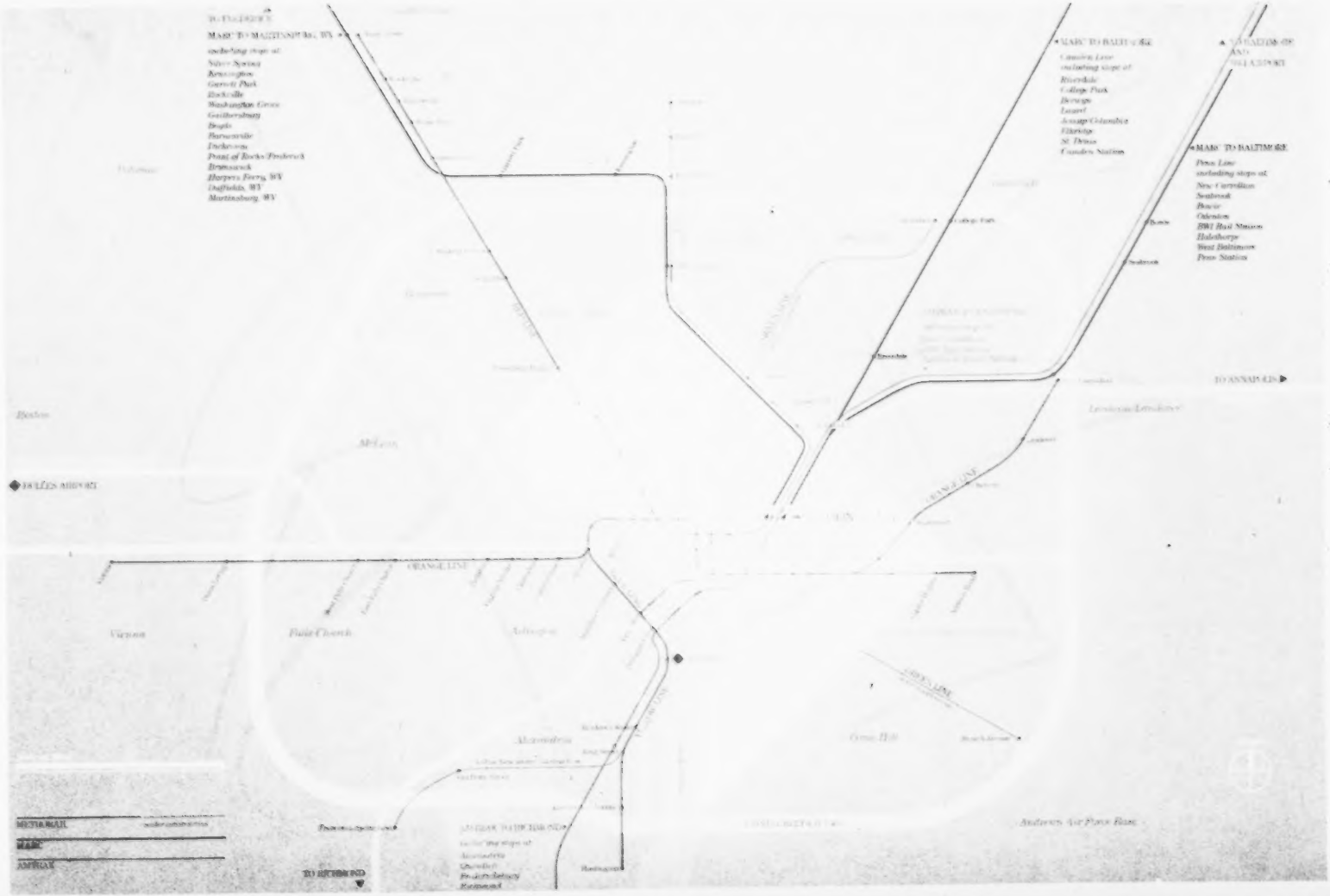
CONCLUSION

GSA has many attractive options available to it for the leasing of office space, or the purchase of an existing building, or the construction of a new building for the Department of Transportation without the need for seizing and condemning private property. The District of Columbia's real estate tax base, the overall cost to our nation's taxpayers, and our basic rights of private property ownership should be kept in mind as Congress reviews GSA's request on this matter.

We respectfully urge this Subcommittee to reject this proposed taking of private property. Such condemnation actions may not be unusual when building a highway. But this "blunt instrument" must be used sparingly. We urge the Subcommittee and the Congress to find that with all of the many available and cost effective alternatives, GSA's proposed blunt force taking of private property is not justified in the present case.

We appreciate this opportunity to present our views.

Thank you.


MARC TO MARTINSBURG, WV
MARC TO BALTIMORE
Camden Line
Penn Line
TO ANNAPOLIS
Boston
Victoria
Falls Church
Arlington
Alexandria
Glen Hill
Andrews Air Force Base
ORANGE LINE
BLUE LINE
METRORAIL
MARC
AMTRAK
TO RICHMOND

THE AIR RIGHTS TO THESE PARCELS. ANOTHER SMALL PARCEL CONSISTING OF 1.99 ACRES IS OWNED BY AMTRAK. THE FOURTH PARCEL, WHICH CONSISTS OF 5.59 ACRES OF FEE SIMPLE LAND, IS OWNED BY A SUBSIDIARY OF THE CSX CORPORATION.

IN APRIL 1989, GSA AND DOT ISSUED AN ADVERTISEMENT FOR EXPRESSIONS OF INTEREST TO DETERMINE POTENTIAL MARKET INTEREST IN DEVELOPING A 2.2 MILLION OCCUPIABLE SQUARE FOOT HEADQUARTERS BUILDING FOR DOT. THIS SOLICITATION SPECIFIED THAT THE BUILDING AND LAND WOULD AT SOME POINT BE IN FEDERAL OWNERSHIP.

DOT'S SITE REQUIREMENTS WERE IDENTIFIED IN THE ADVERTISEMENT:

1. 2.2 MILLION OCCUPIABLE SQUARE FEET
2. 1,500 PARKING SPACES
3. DELINEATED AREA WITHIN THE DISTRICT OF COLUMBIA
4. SINGLE LOCATION
5. 2,500 WALKABLE LINEAR FEET FROM AN OPERATIONAL METRORAIL STATION (APPROXIMATELY 5 BLOCKS).

THE FOLLOWING SITES WERE IDENTIFIED BY DEVELOPERS IN RESPONSE TO THE ADVERTISEMENT:

1. WOODWARD & LOTHROP WAREHOUSE BLOCK -

THIS SITE, LOCATED AT FIRST AND M STREETS, NE, COULD ACCOMMODATE APPROXIMATELY 1.8 MILLION GROSS SQUARE FEET AS CURRENTLY ZONED OR 1.97 MILLION GROSS SQUARE FEET, IF REZONED. THIS SITE WAS NOT LARGE ENOUGH TO ACCOMMODATE THE 2.2 MILLION

OCCUPIABLE SQUARE FEET OF ABOVE-GROUND OFFICE SPACE NEEDS FOR DOT'S HEADQUARTERS. IN ADDITION, THE SITE WAS ENCUMBERED WITH A LEASE COMMITMENT.

2. UNION CENTER PLAZA -

THIS SITE, LOCATED AT NORTH CAPITOL AND K STREETS, NE, COULD ACCOMMODATE APPROXIMATELY 1,935,000 OCCUPIABLE SQUARE FEET. IT WAS 256,000 SQUARE FEET SHORT OF DOT'S REQUIREMENTS. IN ADDITION, THE DEVELOPER'S PLAN CALLED FOR SIX SEPARATE OFFICE BUILDINGS. DOT DOES NOT BELIEVE THAT THE SEPARATE BUILDINGS COULD ACHIEVE THE OBJECTIVE OF A CONSOLIDATED HEADQUARTERS.

3. FAR EAST CENTER/GALLERY PLACE/HECHT COMPANY SITE -

THIS SITE IS LOCATED AT 7TH AND G STREETS, NW. ALTHOUGH THE DEVELOPERS ORIGINALLY BELIEVED THEY HAD SUFFICIENT SPACE TO ACCOMMODATE THE DOT REQUIREMENT, FINAL CALCULATIONS INDICATED THAT THE REQUIRED SPACE WAS NOT AVAILABLE. THE DEVELOPERS SUBSEQUENTLY WITHDREW THEIR EXPRESSION OF INTEREST.

4. THE PORTALS -

THIS SITE, LOCATED AT 12TH AND D STREETS, SW, WAS ABLE TO ACCOMMODATE 2.3 MILLION OCCUPIABLE SQUARE FEET, AND THEREFORE MET THE ADVERTISED REQUIREMENT. HOWEVER, EXTENSIVE ECONOMIC ANALYSES INDICATED THAT DUE TO LAND COSTS, DEVELOPMENT AT THE PORTALS SITE WOULD BE SIGNIFICANTLY MORE COSTLY THAN DEVELOPMENT AT UNION STATION.

THE ADMINISTRATOR OF GENERAL SERVICES AND THE SECRETARY OF TRANSPORTATION AGREED TO PURSUE THE USE OF THE UNION STATION SITE BECAUSE OF ITS POTENTIAL AS POSSIBLY THE MOST COST EFFECTIVE SITE FOR DOT HEADQUARTERS.

COMPREHENSIVE SPACE PLANNING AND OTHER STUDIES WERE COMPLETED BY GSA AND DOT IN APRIL 1990, WHICH DETERMINED THAT 2,401,100 OCCUPIABLE SQUARE FEET OF SPACE WOULD BE NECESSARY TO ACCOMMODATE DOT'S LONG-TERM NEEDS IN THE PROPOSED HEADQUARTERS FACILITY. THIS TOTAL SPACE REQUIREMENT EXCEEDS THE CAPACITY OF ALL THE OTHER SITES GSA CONSIDERED, INCLUDING THE PORTAL DEVELOPMENT.

THE UNION STATION ALTERNATIVE WOULD BE DESIGNED TO BE COMPATIBLE WITH UNION STATION, THE CITY POST OFFICE, AND THE PROPOSED JUDICIARY OFFICE BUILDING. THE PRELIMINARY DESIGN CONCEPTS CALL FOR CLASSICAL ARCHITECTURE IN KEEPING WITH THIS SIGNIFICANT HISTORIC SETTING. FROM COLUMBUS CIRCLE, THE BUILDING WOULD NOT BE VISIBLE ABOVE UNION STATION, BUT ONLY TO THE EAST, BETWEEN THE STATION AND THE PROPOSED JUDICIARY OFFICE BUILDING. THE ROOF AND CORNICE LINES OF THE DOT BUILDING WOULD BE CONSISTENT WITH THOSE OF THE JUDICIARY OFFICE BUILDING.

IN RECOGNITION OF THE RESIDENTIAL SCALE EAST OF SECOND STREET, THE SECOND STREET FACADE OF THE BUILDING WOULD BE DESIGNED WITH SETBACKS. ADDITIONAL DESIGN ELEMENTS WOULD BE USED TO REDUCE THE PERCEPTION OF THE MASS OF THE BUILDING AND THE LENGTH OF THE FRONTAGE ALONG SECOND STREET.

MAJOR FEDERAL PROJECTS IN THE DISTRICT OF COLUMBIA ARE SUBJECT TO REVIEW BY THE COMMISSION OF FINE ARTS AND NATIONAL CAPITAL PLANNING COMMISSION. AMONG THE STANDARDS NCPC APPLIES ARE THOSE ESTABLISHED IN THE HEIGHT OF BUILDINGS ACT OF 1910. THE STATUTE SPECIFIES THAT A BUILDING'S HEIGHT IS MEASURED AT THE MAJOR ENTRANCE. THE MAJOR ENTRANCE OF THE PROPOSED DOT HEADQUARTERS IS ON THE H STREET OVERPASS.

GSA UNDERSTANDS THAT THIS PROJECT WOULD HAVE IMPACTS ON THE SURROUNDING AREA; AND CONSEQUENTLY, IN COORDINATION WITH DOT, HAS CONTRACTED FOR A COMPREHENSIVE ENVIRONMENTAL IMPACT STATEMENT (EIS). NCPC IS A PARTICIPATING AGENCY IN THIS EFFORT. A COMPLETED EIS, INCLUDING A RECORD OF DECISION, IS SCHEDULED FOR THE SPRING OF 1991.

THE STUDY WILL ADDRESS MAJOR ISSUES INCLUDING TRANSPORTATION, HISTORIC, AND SOCIOECONOMIC IMPACTS. A TRANSPORTATION MANAGEMENT PLAN WILL BE DEVELOPED TO MITIGATE THE IMPACT OF THE INCREASED TRAFFIC IN THE UNION STATION AREA. ACCESS TO MORE NUMEROUS FORMS OF PUBLIC TRANSIT SHOULD HELP DECREASE EMPLOYEE DEPENDENCE ON AUTOMOBILES. IN ADDITION, DOT ALREADY HAS A SUCCESSFUL RIDESHARING PROGRAM. NEARLY ALL OF DOT'S CURRENT EMPLOYEE PARKING IS USED ONLY BY VANPOOLS AND CARPOOLS.

AFTER THE EIS IS COMPLETED AND THE SITE IS APPROVED BY THE NATIONAL CAPITAL PLANNING COMMISSION (NCPC), THE SITE ACQUISITION PROCESS MAY BE COMPLETED.

THANK YOU FOR GIVING GSA THIS OPPORTUNITY TO PROVIDE INFORMATION ON THE DOT PROJECT.

STATEMENT OF
ROBERT GLADSTONE, PRESIDENT
QUADRANGLE DEVELOPMENT CORPORATION
AND
HAROLD S. JENSEN, PARTNER
METROPOLITAN STRUCTURES
ON BEHALF OF THE
SECOND STREET LIMITED PARTNERSHIP
BEFORE THE
SUBCOMMITTEE ON PUBLIC BUILDINGS AND GROUNDS
OF THE
U.S. HOUSE COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION
REGARDING GSA'S PROPOSED SEIZING OF PRIVATE PROPERTY
FOR A NEW BUILDING FOR THE DEPARTMENT OF TRANSPORTATION
JUNE 26, 1990

Mr. Chairman, Members of this Subcommittee, we appreciate this opportunity to testify before you regarding the General Services Administration's proposed seizing of private property for a new building for the Department of Transportation. The private property in question is the property of the Second Street Limited Partnership, which is a joint venture of Quadrangle Development Corporation, CSX Realty, and Metropolitan Structures.

The Second Street Limited Partnership does not wish to sell this property and respectfully urges this Subcommittee and Congress to reject GSA's unnecessary and inappropriate proposed seizing of this property. With 30 million square feet of vacant commercial space in the D.C. metropolitan area, certainly an attractive and cost effective alternative can be acquired or built by GSA without resorting to this unwarranted seizing.

BACKGROUND

The Office of Management and Budget ("OMB") and the General Services Administration ("GSA") have requested that Congress approve funding for the construction of 21 federal public building projects. As a part of this overall request, OMB and GSA seek funding to construct a new building for the Department of Transportation ("DOT") in Washington, D.C. They have estimated that this new building would be about two million square feet, would cost taxpayers some $624,321,000, and would be one of the three largest U.S. government buildings in the Washington area.

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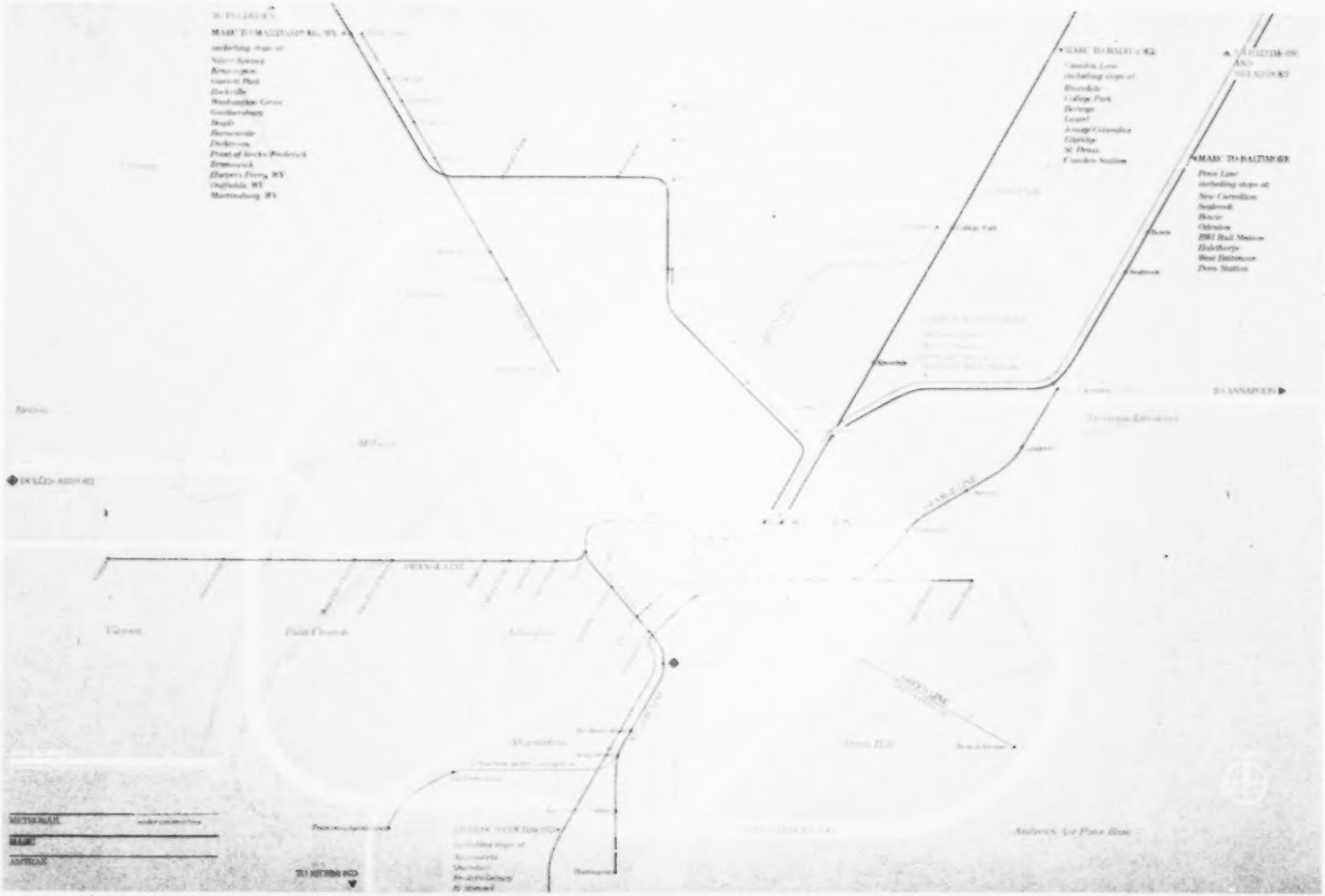
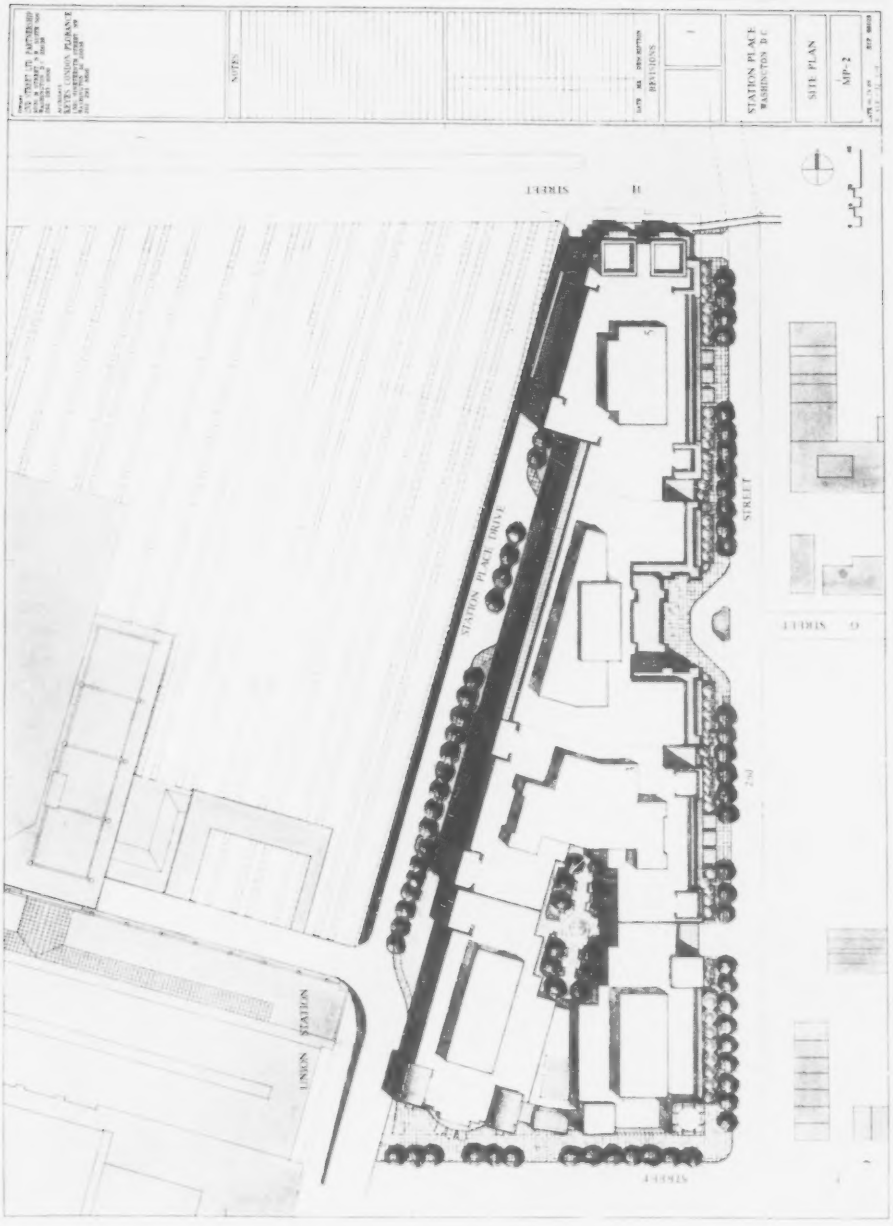


AT UNION STATION
Restaurants:
Ruby Tuesday
Quiznos
Sbarro
Food Court:
Services:
Hertz
Avis
National
UNION STATION
STATION PLACE
Capitol Place
Washington Court Hotel
Federal City Suites
Bellevue Hotel
Thee Creek Pub
Quality Inn
Hyatt
La Colline
Le Montrose
Le Pain Quotidien
Two Quails Restaurant
Cafe Berlin
The Mall
THE MALL


STATION PLACE
WASHINGTON D.C.
SITE PLAN
MP-2
NOTES
REVISIONS
STREET
STATION PLACE DRIVE
STREET
UNION STATION
STREET

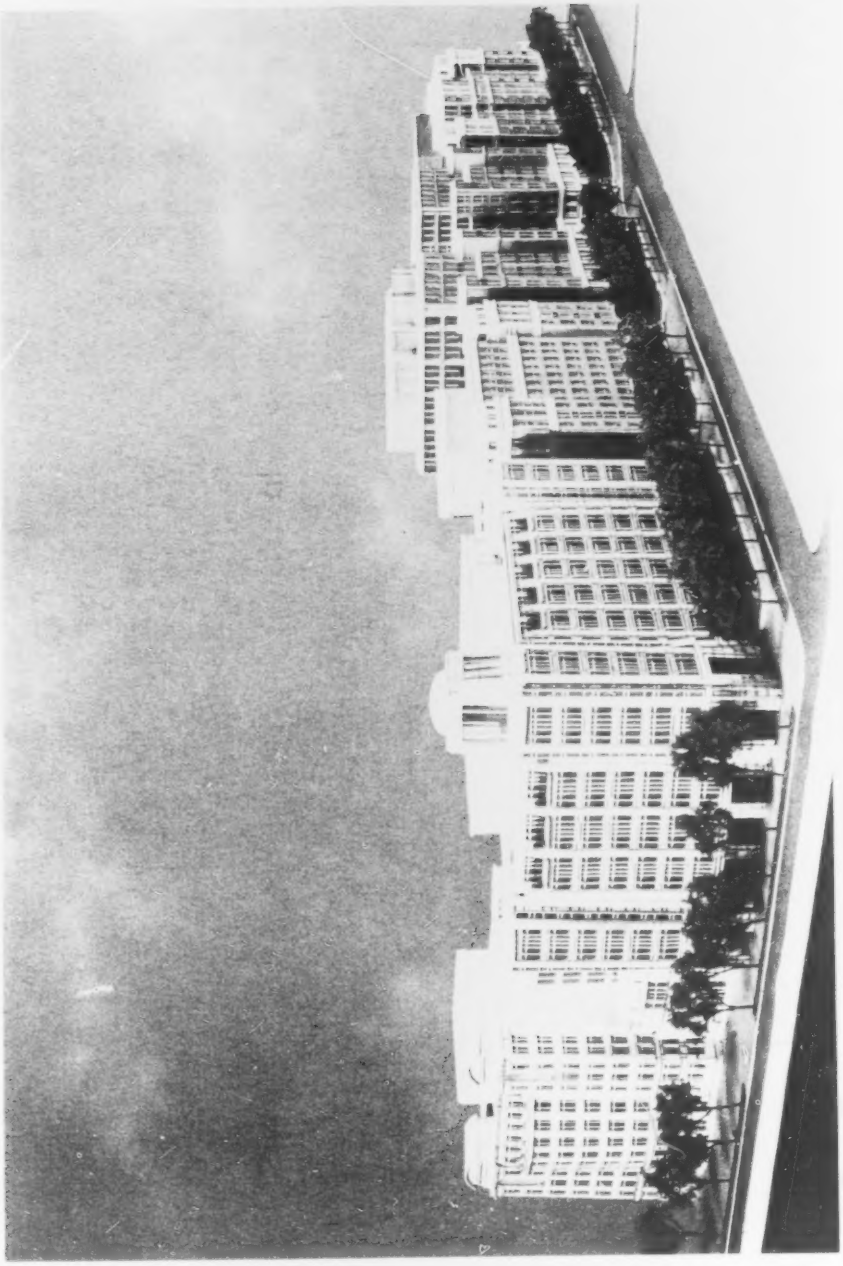
STATION PLACE CONTENTS

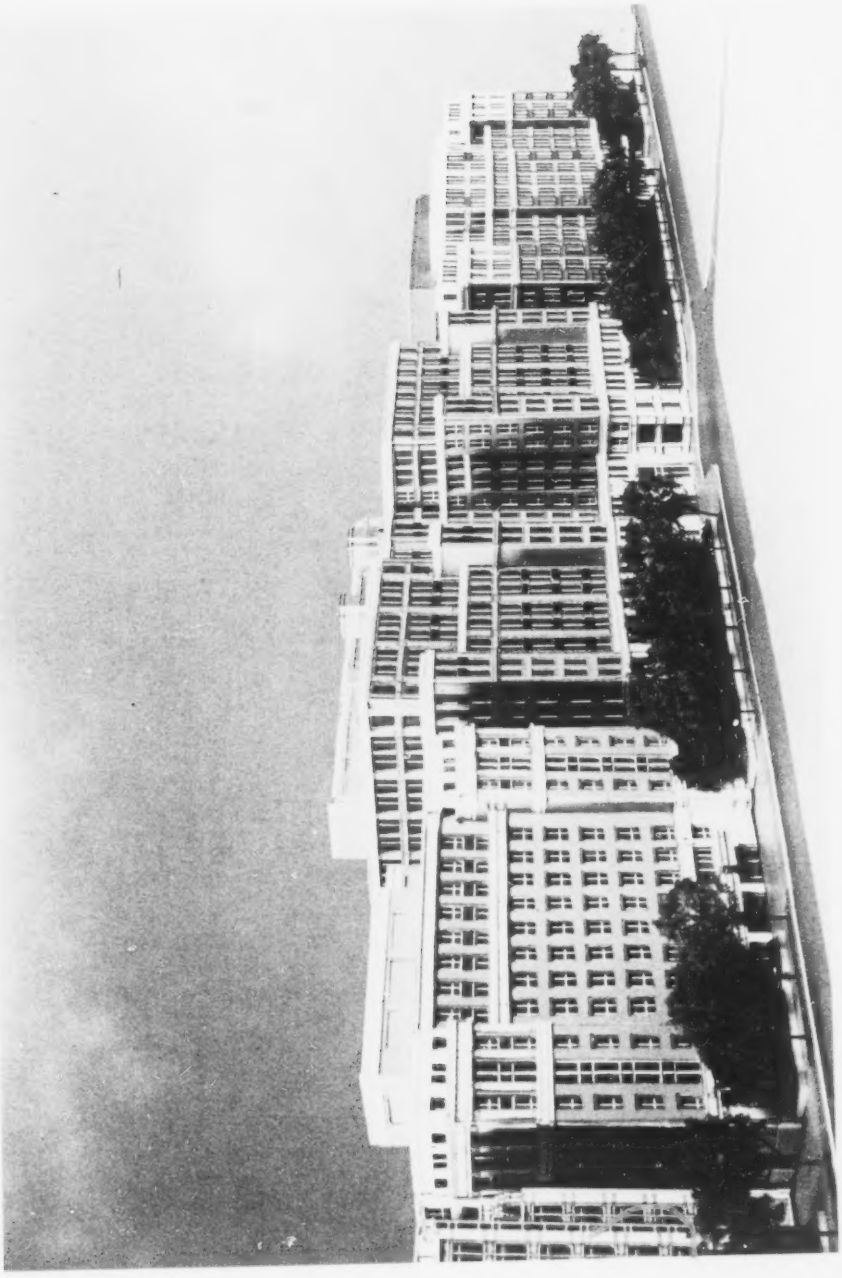
I. Station Place Exhibits

II. Air Rights Exhibits

III. Station Place Development History and Chronology

IV. Summary Cost Comparison Study





MASTER SITE PLAN

DEPARTMENT OF TRANSPORTATION

KEYES CONDON FLORANCE ARCHITECTS

2ND STREET LIMITED PARTNERSHIP

Artist's Version of Proposed DOT Air Rights Building

STATION PLACE
DEVELOPMENT HISTORY
MILESTONE EVENTS

CSX Predevelopment Planning Study for the site.	June, 1987
CSX, Quadrangle and Metropolitan Structures commence discussions, analysis and preliminary planning for Station Place.	July, 1987
CSX, Quadrangle, and Metropolitan Structures jointly engage the architectural firm of Keyes Condon Florance to prepare Station Place Master Plan.	July, 1988
CSX, Quadrangle, and Metropolitan Structures engage additional consultants for Station Place: Traffic Analysis - Gorove Slade Associates, Inc. Civil Engineering - Wiles Dailey Pronske Consultants Legal/Land Use - Law Office of Linowes & Blocher	August, 1988
CSX, Quadrangle, and Metropolitan Structures formally establish Second Street Limited Partnership to develop the site.	December, 1988
Second Street Limited Partnership publicly announce the formation of the new joint venture.	December, 1988
Second Street Limited Partnership completes and adopts a Master Plan for Station Place.	June, 1989

Second Street Limited Partnership offers to provide 372,000 s.f. of office space at Station Place in response to a GSA Solicitation For Offering.	June, 1989
Second Street Limited Partnership authorizes comprehensive soils testing program consistent with the adopted Master Plan.	July, 1989
Second Street Limited Partnership submits Station Place Plan to D.C. Office of Planning in accordance with Large Tract Review requirements.	August, 1989
Second Street Limited Partnership undertakes full scale community awareness program with all associations and neighborhood groups interested in the project and holds approximately 15 public meetings in addition to public agency reviews.	September, 1989
Department of Transportation announces to media a plan to construct new headquarters on Station Place site with no prior notice to Second Street Limited Partnership.	January, 1990
GSA requests that an option be granted for purchase of Station Place site.	February, 1990
Second Street Limited Partnership files Building Permit Application with D.C.R.A. for Phase 1 and Phase 4 of Station Place.	June, 1990
Second Street Limited Partnership sends design drawings out to General Contractor for bid and firm construction price.	June, 1990

SUMMARY COST COMPARISON STUDY
STATION PLACE ACQUISITION VS. AIR RIGHTS DEVELOPMENT

	Cost per Building Square Foot		Total Cost 2/
Land Value for Station Place 1/		$70.00	$105,000,000
Air Rights Development Alternative Special Costs 3/			
1. Foundation System	$15.95		
2. Platform Cost	13.59		
3. Parking Garage	0.69		
4. Other Costs including: Utilities, Skin, Elevator, Waterproofing Insulation and Mechanical	3.64		
TOTAL:		$33.87	$ 50,805,000
Air Rights Cost Savings		$36.13	$ 54,195,000

1/ Reynolds & Reynolds, MAI
2/ Based on 1.5 Million Square Feet of Buildable Area at Station Place
3/ Keyes Condon Florance Architects, AIA
KCE Structural Engineers, P.E.
James G. Davis Construction Company
The Dick Group, General Contractors

STATEMENT OF JON H. SEYMOUR
ASSISTANT SECRETARY FOR ADMINISTRATION
DEPARTMENT OF TRANSPORTATION
BEFORE THE COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION
SUBCOMMITTEE ON PUBLIC BUILDINGS AND GROUNDS
CONCERNING DEPARTMENT OF TRANSPORTATION
HEADQUARTERS BUILDING
JUNE 26, 1990

Good morning,

Mr. Chairman, as Mr. Bibb stated, I am Jon Seymour, Assistant Secretary for Administration, Department of Transportation. I am happy to be here to testify in support of the project to consolidate the Department of Transportation in a new Federal office building. We have been working very closely with the General Services Administration (GSA) over the past several months to advance the project.

The Department of Transportation (DOT) is currently housed in three locations: the Nassif Building (1,080,838 occupiable square feet) which currently houses approximately 5050 employees and contractor support personnel, Federal Office Building (FB-10A) (533,631 occupiable square feet) which primarily houses approximately 3900 FAA employees and contractor support personnel, and the Transpoint Building (428,480 occupiable square feet) currently housing approximately 2550 USCG military and civilian employees and contractor support personnel.

In the case of the Nassif Building, the lease expired in January 1, 1990, and we are now in a holdover status. GSA is currently pursuing a new 10-year lease which will allow the Department to remain in place until the new building is ready.

The Nassif building has been in the inventory for over 20 years. Improvements will be made as part of the lease renewal. However, extensive improvements would be required if the Department were to remain in Nassif for the long term. These additional and more extensive improvements would require temporary relocation of large organizational entities. This would be disruptive to the employees and will impact their productivity. Major repairs are also necessary for FB-10A, where FAA has experienced annual problems with the major mechanical and electrical systems. With respect to the Transpoint building, the lease expires in May 1993. This lease, we are advised by GSA will not be renewed for the long term although the owner may be willing to house the USCG until the new building is completed. Aside from these problems, additional space will be required to relieve the overcrowding of the current employees and contractors in FB-10A and Transpoint Buildings. To meet these needs, the Department would be forced into even more locations.

The proposed new building will greatly improve the agency's operational efficiency and productivity, reduce administrative costs, and provide a quality work environment for DOT headquarters personnel.

A new building would be designed to meet DOT's requirements as opposed to retrofitting our requirements in existing space. This

will result in reducing DOT's office utilization rate from 147 occupiable square feet per workstation to 125 occupiable square feet per person.

In April 1989, GSA issued an advertisement to determine potential market interest in meeting the Department's space needs. There were four responses:

- The Portals site at 14th Street and Maine Avenue, SW
- Union Center Plaza at 1st Street between H and K Street, NE
- Far East Center/Gallery Place/Hecht Co. at 7th Street between E and H Streets, NW
- Woodward and Lothrop Warehouse Block at 1st Street between L and M Street, NE

GSA and the Department have studied two basic alternatives for the consolidation of the DOT headquarters. We were assisted by 3D/International, Inc. and the economic consulting firm of GA/Partners. One site alternative considered private development on privately owned land (i.e., the responses to the GSA advertisement for expressions of interest). The second combined Government-owned air rights behind Union Station with two privately-held parcels immediately adjacent to the air-rights.

A number of variations on the two alternatives were computer modeled to determine their economic consequences to the Government. Various project delivery strategies were also considered, including Government-managed design, construction, and finance; and private developer-managed design, construction, and finance. Master schedules were developed to understand the effects of various alternatives upon project completion dates. As a result, the Administrator of GSA together with the Secretary of Transportation agreed to pursue the use of the Union Station Air Rights site location. Subsequently, GSA wrote to CSX and AMTRAK notifying them of the Government's interest in acquiring title to their holdings.

We are currently having discussions with GSA and OMB as to the acquisition site and the best building delivery process. Whether the traditional approach of conducting a design competition, with a contract for construction to follow, or some variation of this approach should be pursued, is still being explored. We are sure of one thing and that is, regardless of the approach, there should be design competition for any construction at this site.

Both GSA and the Department are most sensitive to the concerns of the community regarding increased traffic and noise around Union Station and Capital Hill. We have jointly initiated an environmental impact study. The National Capital Planning

Commission is a co-operating agency in the study. Hearings are scheduled for later this summer to learn about community concerns with the proposed relocation at the air-rights site. This will allow us to fully consider these concerns and the possibility of including mitigating action as part of project plans.

Concurrent with the EIS, a study will be undertaken to begin more detailed definition of the guidelines to be used in the design of the building. During the coming months, the representatives of: the Fine Arts Commission, National Capital Planning Commission, the District's Historic Preservation Review Board, the Architects of the Capitol and community association will be given numerous opportunities to participate in this process.

The proposed project will be designed to house approximately 12,100 DOT employees which allows for a 1% per year growth from current employment levels. The building will provide 2,405,100 occupiable square feet and approximately 1,500 spaces for Government official, visitors and employee parking. If funds are approved, we expect that construction could start early CY 1993 and we could expect that occupancy could begin by late 1996.

Thank you for giving me this opportunity to testify in support of the DOT consolidation project. I will be happy to respond to any questions.